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The Law of Building and Loan Associations

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BOOK REVIEWS

THE LAW OF BUILDING AND LOAN ASSOCIATIONS (2nd ed.).—By Joseph H. Sundheim, Philadelphia: Smith-Edwards Co., 1922, pp. 376.

This book is, as the preface states, really a new work rather than a second edition of the author's former book on the same subject which was limited in its scope to the State of Pennsylvania. This edition is meant to be used in all of the states. After a chapter on the history of building and loan associations including a description of the several different plans upon which they are conducted, the remainder of the book is a practical treatise both for those who organize and manage these associations and for those who advise them as to their rights and duties or conduct their litigation for them. The book gives directions in detail with supporting authorities as to how to organize a building and loan association and how to conduct it after it is organized, explaining many of the involved and complicated methods used by these associations. It will prove of undoubted value to any person interested in the subject either as a lawyer or on the administrative side of the business. The appendix of 160 pages is devoted largely to forms of various papers used in the transactions of building and loan associations and copies of the texts of the statutes bearing on this subject in several of the states. Since the book is, as the preface states, meant for use in all of the states, the wisdom of a form such as the form of mortgage appearing on pages 211 ff. may be doubted since it seems to contain much that could properly be used only in a Pennsylvania transaction, as for example the statement which appears on page 212, "And said Mortgagors thereby expressly waived and relinquished the right of inquisition on any real estate that may be levied upon to collect that obligation, and did voluntarily condemn the same, and authorize the Prothonotary to enter upon the Fieri Facias *their* said voluntary condemnation" If this book is to be used by laymen in the various states without the assistance of lawyers who will translate such a form as this into the language of the state in which the mortgage is made, this form will present to the courts a difficult question of construction. The form of the warrant on pages 217-218 also contains much that must be local to the state of Pennsylvania.

The matter in praise of building and loan associations, printed

on pages 23, 24 and 25 under the two headings, "Nature and Purpose of Associations" and "Benefits to the Community," show the faith of the author in the virtues of his subject. The author truthfully says on page 24, "All legislation in recent years has been to enlarge and broaden their (the building and loan associations') powers, not to confine and restrict them. The courts have been liberal in the construction of these especially delegated powers, and, as a result, they have grown and changed as conditions required." It is true that legislatures have shown great consideration for these associations especially in the matter of exempting them from taxation. The Federal Revenue Act of 1921 grants a new additional exemption to them in exempting dividends or interest from building and loan association stock up to the amount of \$300.00 per year, from the federal income tax, (page 198). It is true that the legislatures both national and state have apparently shared the author's view that (page 23), "Building and loan association are semi-philanthropic institutions" and have granted them most of the exemptions normally given only to charitable institutions. But a book which is to circulate largely "inside the family" might well warn the ones who administer these institutions that some of the brethren in at least some of the states may be riding a good horse too hard, and that rival interests, notably the banking interests, are contending, with at least some plausibility, that an institution which accepts deposits from non-members, issuing certificates of deposit bearing a fixed rate of interest, and lends its money to non-members at fixed rates for all commercial purposes, rather than for the building and buying of homes, is distinguished from a bank only in name, and is, because of its exemptions, competing with the bank on an unfair basis. If there is merit in this contention of the banks, the legislatures will not always be blind to it, and the institutions intended to be served by this book should so conduct their business that these claims of rival interests may be shown to be unfounded. This cannot be done by the building and loan associations calling themselves "semi-philanthropic," but by their so conducting themselves as to carry out the original purpose of the organizations, *viz.*, home building and home owning.

The proofreading, printing, and binding of the book are well done. The work will be of very great assistance to those who work in the field covered by it.

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